

Franchise Tax Board

NO ANALYSIS REQUIRED

Author: Cunneen and Lempert Analyst: Jeani Brent Bill Number: AB 1953
Related Bills: See Prior Analysis Telephone: 845-3410 Amended Date: 03/20/2000
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Research Expenses Credit/Increase to 15% of Excess Expenses/Minimum Base Not Less Than 35%

- ____ ANALYSIS NOT REQUIRED of this bill -- Not within scope of responsibility of this department.
____ TECHNICAL BILL -- No program or fiscal changes to existing program.
____ BILL AS AMENDED NO LONGER WITHIN SCOPE of responsibility or program of the department.
☒ TECHNICAL AMENDMENT - No change in previously submitted analysis required. Approved position of prior analysis is Pending.
____ MINOR AMENDMENT - No change in previously submitted analysis required. Approved position of prior analysis is _____.
____ MINOR AMENDMENT - No change in approved position of _____. See comments below.
☒ OTHER - See comments below.

COMMENTS:

Under the Personal Income Tax Law and the Bank and Corporation Tax Law, this bill would increase the state credit for "qualified research expenses" from 12% to 15% and would decrease the minimum threshold for the taxpayer's base amount in computing the research expenses credit from not less than 50% to not less than 35% of the taxpayer's current year qualified research expenditures.

The March 20, 2000, amendments added co-authors and would require that the consent of the Franchise Tax Board to revoke an election of the alternative incremental credit method for computing the research credit be written.

Adding the word "written" to the code would not have any effect on the department's procedures regarding revocation of a taxpayer's election of the alternative incremental credit. The word "written" always has been implied, since the department requires all elections and revocations to be written.

The department's analysis of the bill as introduced still applies.

Board Position:

____ S	____ NA	____ NP
____ SA	____ O	____ NAR
____ N	____ OUA	<input checked="" type="checkbox"/> PENDING

Franchise Tax Board Staff

Date

Jeani Brent

3/28/00